

Exhibit E

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Drug courts stumble under funding cuts

Partnerships, local funding are sought.

By Vesna Jaksic
STAFF REPORTER

ESTABLISHED IN 1989, the Miami-Dade County Drug Court in Florida was the first such specialty court in the country and quickly became a model for more than 400 others.

Now, it is under a four-month moratorium and is not accepting new cases until August.

"We have approximately 2,200 cases for one judge, one

public defender and one court, and it's just too much to handle," said Judge Jeffrey Rosinek, who is in charge of the drug court.

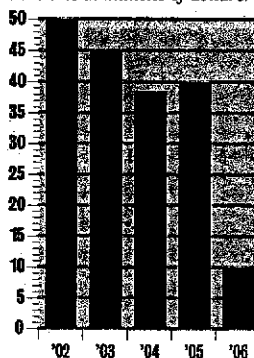
While the growing demand for services may illustrate that the court has become a victim of its own success, the moratorium is a troublesome development, said West Huddleston, chief executive officer of the Alexandria, Va.-based National Association of Drug Court Professionals.

"If the most established and oldest drug court has to go under a moratorium, what does that mean for the future of drug

SEE 'COURTS' PAGE 18

FEDERAL FUNDING FOR DRUG COURTS

Amounts in millions of dollars.



Source: Bureau of justice assistance at the U.S. Department of Justice

Interest in summer jobs at top firms cools down

High billable hours, attrition take toll.

By Leigh Jones
STAFF REPORTER

TOM NOSEWICZ interviewed with about 15 top law firms during Stanford Law School's recruiting season last fall. He heard promises of big money, engaging work and a shot at full-time employment once he completed his law degree.

"I did so many interviews it was sort of ridiculous. I felt like a salesman," said Nosewicz, who just finished his second year at Stanford.

Later this month, he'll head to New York to begin that summer job. But he has decided against filling a slot at one of the big firms that courted him last fall. Instead, he has taken a job without pay at the federal defender's office, where he said he'll get "on-the-ground training" not available as a summer associate at a megafirm.

Nosewicz, 26, is part of a SEE 'COOLS' PAGE 10



ATTORNEYS GENERAL: Ohio's Marc Dann, New Jersey's Stuart Rabner and California's Jerry Brown are changing the way their offices hire outside counsel, moving toward a more transparent process.

NEW HIRING RULES

AGs review hiring of outside counsel.

By Amanda Bronstad
STAFF REPORTER

ATTORNEYS GENERAL in seven states—some of whom have retained plaintiffs' law firms to bring high-profile lawsuits involving lead paint and the painkiller OxyContin—are instituting new policies or facing legislative

pressure to make the hiring of outside legal counsel more transparent.

The changes come as several tort reform groups, particularly the Institute for Legal Reform, an affiliate of the U.S. Chamber of Commerce, have been appealing to attorneys general for more transparency and accountability in how they retain outside law firms.

Plaintiffs' lawyers said the moves toward transparency are

assaults by business groups on attorneys general who bring damaging cases against them.

In recent months, attorneys general in Ohio, New Jersey and California have instituted new policies that would require law firms to bid publicly for work or would reduce confidentiality in the hiring process.

Legislators in Mississippi and West Virginia recently introduced bills, backed by tort SEE 'COUNSEL' PAGE 17



"Motion to dismiss denied!"

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State AGs altering the way they hire outside counsel

'COUNSEL' FROM PAGE 1
reform groups, that would create oversight committees to review contracts between the state's attorney general and law firms.

Other efforts in Kansas and Nevada are aimed at reducing the use of outside counsel.

Larry Akey, spokesman for the Institute for Legal Reform, said, "when the contracts are let behind closed doors, and in secret, oftentimes it is the political contributors to the attorney general who receive the contracts. We're very concerned about the appearance and actuality of quid-pro-quo."

Jack McConnell, partner in the Providence, R.I., office of Motley Rice, which represents the state of Rhode Island in a high-profile public nuisance case against several lead paint manufacturers, said the U.S. Chamber of Commerce and other business groups "have worked very hard to convince the public that attorneys general's hands should be tied in their ability to take on bad actors in the business community."

The issue gained ground last year in McConnell's lead paint case, in which the manufacturers argued before the state's highest court that the Rhode Island attorney general should not have been able to retain outside counsel on a contingency fee basis. *Rhode Island v. Lead Industries Assoc.*, No. 2004-63-M.P.

In June, the Rhode Island Supreme Court postponed a ruling on the issue.

Transparency issues

Attorneys general in three states are making policy changes amid the transparency concerns.

In January, Ohio Attorney General Marc Dann instituted a public bidding policy for state legal contracts following allegations that his predecessor gave lucrative contracts to political contributors.

In Ohio, "there were allegations made in the past couple of years about pay-to-

play," said Steven Davis, a partner at Columbus, Ohio-based Crabbe, Brown & James, which has served as special counsel to the state attorney general's office in past years. Dann "wanted certainly to create the appearance that his office would be above that."

Brian Laliberte, deputy first assistant attorney general at the Ohio Attorney General's Office, said public bidding "takes away the appearance of cronyism."

He added: "It levels the playing field and opens the process to lawyers and law firms who otherwise would never get a shot at outside work."



JACK MCCONNELL: The U.S. Chamber of Commerce wants to limit AGs' ability to litigate.



DREW BERRY: New Jersey's changes may restrict the AGs' right to hire plaintiffs' lawyers.



MICHAEL HAUSEFELD: He questions the need for an oversight committee.

Laliberte said the changes have nothing to do with concerns about how the attorney general retains law firms to bring cases, particularly those involving contingency fees.

But last month, business groups criticized a public nuisance suit the attorney general brought against several lead paint manufacturers. Although Dann has not retained outside counsel to bring the suit, he recently filed a motion to consolidate his case with a similar suit filed by the city of Columbus in which Motley Rice serves as counsel.

McConnell, at Motley Rice, declined to comment on the consolidation motion, but said: "In almost every state where a public official has spoken out about the lead problem, the industry has already been in that jurisdiction and hired lobbyists, hired former public officials, in an attempt to obstruct a lawsuit seeking justice."

"Ohio," he said, "was a classic example where we saw that."

Re-bidding in N.J.

In New Jersey, Attorney General Stuart Rabner announced changes last month that would require the state's 200 law firms and lawyers to re-bid for contracts.

Rabner, who took office in September 2006 after his predecessor resigned amid an ethics scandal, wanted the process of selecting outside counsel to be "less political," said David Wald, a spokesman for the New Jersey Attorney General's office.

"The existing method of choosing outside counsel had not been changed in decades," Wald said.

Critics had accused the previous attorneys general of retaining law firms that gave political donations, said Drew

Berry, chairman of Newark, N.J.-based McCarter & English, which has done bond work and litigation for the attorney general's office.

Rabner's changes, he said, are "not intended to be a restriction on the right of the attorney general to hire plaintiffs' lawyers to sue industry," Berry said. Still, he said, "that might be the effects of it."

In March, California Attorney General Edmund "Jerry" Brown revamped the office's practice of labeling certain legal contracts as "confidential" in the state's records after press reports discovered tens of millions of dollars that were hid-

den from public view.

Gareth Lacy, a spokesman for the attorney general's office, attributed the problems to "staff errors." He noted that the mistakes occurred under the previous attorney general, Bill Lockyer, who left office at the end of 2006.

Under a new policy, a department manager or supervisor must approve all labeling of contracts as "confidential," he said.

'Sweetheart deals'
In Mississippi and West Virginia, legislators introduced bills that would have created oversight committees to review the attorney general's outside legal contracts. Both bills, referred to by supporters as "sunshine bills," were backed by tort reform groups and mimicked those that have been passed in seven other states since 1999, Akey said.

The Mississippi bill, which failed, would have required the attorney general to obtain three proposals from different law firms for work anticipated to exceed \$1 million, said Charlie Ross, the state senator who authored the bill. The state's contract review board would evaluate the contract.

Under current law, the state's attorney general selects outside counsel without a bidding process.

"The purpose was not in any way to say that hiring outside attorneys may not be a good idea," Ross said. "The purpose was accountability and oversight, to make sure the state gets the biggest bang for the buck."

He said the requirements would deter the attorney general from "playing favoritism with political cronies or giving a sweetheart deal with somebody."

Mississippians for Economic Progress, a tort reform group that backed the bill, criticized state Attorney General Jim Hood for retaining his largest individual campaign contributor, Joey Langston, to handle a tax case against MCI, now owned by Verizon Communications Inc.

Phone calls to the Mississippi attorney general's office were not returned.

But Langston, managing partner of The Langston Law Firm in Booneville, Miss., who took the case on a contingency basis, called the bill "another effort to take a bigger bite of the tort reform apple."

He said the lawsuit is a matter of public record and, in the case against MCI, the Mississippi attorney general's office did not have the budget or staff to bring the case without outside counsel.

In West Virginia, legislators introduced a similar bill following a \$10 million settlement in 2004 between the West Virginia attorney general's office and the manufacturers of prescription drug Oxy-Contin, of which \$3 million went to three outside law firms.

Those three law firms "bankrolled his political campaign," said Steve Cohen, executive director of West Virginia Citizens Against Lawsuit Abuse, referring to West Virginia Attorney General Darrell McGraw. "Right now, everything looks like a sweetheart deal."

Cohen's group backed the bill, which failed after much publicity. The bill, the second in two years, would have forced the attorney general to report his hiring practices to the governor and legislature.

Michael Hausfeld, a partner at Cohen, Milstein, Hausfeld & Toll, a Washington-based firm that received part of the Oxy-Contin legal fees, questioned the need for an oversight committee. "Why are attorneys general any less competent than any business or seasoned individual to make a determination as to what they're going to pay their lawyers to represent them?" he said.

He said the bill is another attempt by tort reformers to "shut off an extremely viable source of civil prosecution."

Ballooning costs
Some attorneys general have revamped their procedures for hiring outside counsel in light of concerns about costs.

Do changes limit AGs, or do they reduce 'cronyism?'

In Nevada, for example, legislators have introduced a pending bill that would require the attorney general to document her hiring of outside counsel. Law firms do not publicly bid for contracts with the Nevada attorney general.

Outside counsel contracts "kind of ballooned in 2005," due to a handful of expensive cases, said Randal Munn, assistant attorney general for the Nevada attorney general's office.

Backers of the bill "want legislative fiscal oversight so there is a formal accountability by the attorney general to the legislature," he said.

Kansas Attorney General Paul Morrison has been working to reduce millions of dollars spent on outside counsel by limiting how many get retained and firing others, said Ashley Anstaett, a spokeswoman for the Kansas attorney general's office.

"Our concerns were the way that outside counsel was retained, the amount of taxpayer money that was spent on outside counsel and the possibility that some of that was unnecessary," she said. ■

CHANGES IN STATE POLICY FOR HIRING OUTSIDE COUNSEL

STATES WITH POLICY CHANGES

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NEW JERSEY: Announced changes last month that would require the state's 200 law firms and lawyers to re-bid for contracts.

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KANSAS: Introduced a pending bill that would require the attorney general to document her hiring of outside counsel.

STATES WITH PROPOSED BILLS:

MISSISSIPPI: Introduced a bill requiring the attorney general to obtain three proposals from different law firms for work anticipated to exceed \$1 million.

WEST VIRGINIA: Introduced a bill requiring the attorney general to report his hiring practices to the governor and legislature.

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